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Takeover rumors, stock activity plague Ogilvy again—P. 2

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Media's 'big bang'

Three years after Omnicom, media industry braces for mergers

By PATRICK REILLY

The third wave has begun.

Like consumer-product marketers and ad agencies before them, major media companies are headed for unprecedented consolidations among their largest players.

The consolidations, like the Time Inc.-Warner Communications powerhouse forged this month, are motivated by the fear of being left out of a quickly forming top tier of world-class media giants.

The Time-Warner deal, coming virtually on the third anniversary of the "big bang" formation of three major U.S. agencies into Omnicom Group, has stirred talk of a similar scenario rolling through the media business.

That thinking was only encouraged by rumors of more agency mergers last week *(see stories on Ogilvy Group and N W Ayer on Page 2, and Boase Massimi Pollitt on Page 74)*.

"You are going to see a constant stream of [media] acquisition activity and transactions worldwide—it will be unabated," said John Veronis, chairman and co-ceo of Veronis, Suhler & Associates, a media investment banker.

"With [the acquisitions], you'll see significant divestitures," he said. "Time and Warner was one of the best fits that has or can occur, but there are other fits equally as promising."

Media watchers believe no company will be spared, and point to Gannett Co., Tribune Co. and Knight-Ridder as likely candidates to join the consolidation movement, just as reluctant ad agencies are being forced to link up to survive.

Momentum building

The wave is gaining momentum.

Last week, Thomson Newspapers and International Thomson Organisation, both controlled by Toronto's Thomson family, said they'd merge to form Thomson Corp., the world's fourth-largest media company.

The new company—including 192 daily and weekly U.S. and Canadian newspapers, trade publications and electronic information properties—has combined revenues of $4.7 billion and a combined profit of $436 million, based on 1988 results.

"This was a propitious time for us to come together for financial strength and the synergies we could find," said Kenneth Thomson, chairman of the two companies, who will be chairman of Thomson Corp.

"In this case," he explained, "two and two make five. It gives us a good, strong position in the international publishing field. Today, that's an advantage—to be bigger and stronger."

Illustration by Tom Herzberg

Allan Lewis, treasurer of International Thomson Organisation, said the "merger will enhance our ability to make larger acquisitions, which seems to be necessary." He said the new company would pursue acquisitions in the newspaper and publishing industry, largely in the U.S. and Canada.

Thomson's move follows a series of huge media deals, including Australia-based News Corp.'s purchase of Triangle Publications, and its *TV Guide*, for $2.85 billion, and France's Hachette SA's purchase of Diamandis Communications Inc. for $712 million, both last year.

And there are more to come. Just this month, News Corp. Chairman Rupert Murdoch said he'd participate in creating a new global media company through a worldwide private placement to raise capital. The new company will create a Murdoch war chest for acquiring and developing businesses in the worldwide media and communications industry.

"It's people like Murdoch driving this trend," said Hylton Philipson, president-ceo at Henry Ansbacher Inc., a media investment company. "A handful of global media companies are forming now. If you aren't one of them, it will be difficult as a smaller media company to compete globally."

With the creation of a new super-tier of global media companies, including West Germany's Bertelsmann AG, News Corp., Hachette and others *(see chart on Page 75)*, the question is now whether relatively large independent media companies should seek partners to help them face the new global media world.

"There is a wave of positioning in the global marketplace, and the independents should really consider whether they should go on as independents," Ansbacher's Mr. Philipson said. "Independents have to be thinking whether they should align themselves with someone else for strategic purposes. This is positioning for the next century."

Players in the game

Among the U.S. companies being mentioned as candidates to join the merger game, Gannett Co. was one of several that talked informally to both Time Inc. and Warner before those two began talking in earnest themselves.

The array of media properties owned by Knight-Ridder and Chicago-based Tribune Co. make them potential players.

But Gannett isn't ready to play, said John Curley, the president-ceo who becomes chairman March 31.

"It made sense for Time Warner because they have lines of business that are complementary, but we don't feel the need to go out and find a partner," Mr. Curley said. "If we saw a slowdown in our fields, we might look at other options. But we continue to view Gannett as a growth company and will look for opportunities to acquire and expand in that manner."

Nor does Knight-Ridder see the need for a partner now.

"We see a lot of this empire-building as having a certain ego factor attached to it, but in the end, the merger has to make sense for the shareholders," said Frank Hawkins, VP-corporate relations and planning. "To charge ahead for the sake of being bigger doesn't mean you will necessarily be better. Our ambition is to be among the best, not necessarily among the biggest."

Tribune Co. is making the broadest reach of the three. It recently bought an equity share in *The Sunday Correspondent*, a Sunday-only national newspaper for the U.K. scheduled to launch this fall.

The Correspondent, a broadsheet, is aimed at the "quality end of the market," said Scott Smith, Tribune VP-finance, who described the company's stake as "relatively modest."

"In the context of Time Warner, it's small, but it's an indication the media business is becoming more global, and it's an opportunity for us to get direct experience in the U.K.," Mr. Smith said.

But Tribune's stake in a British property isn't necessarily a harbinger of a merger in the works.

"We are comfortable as an in-

(Continued on Page 75)

Ogilvy stock stirs takeover talk

Is Sorrell looking to buy?

By GARY LEVIN

NEW YORK—The takeover rumors that have hounded Ogilvy Group for the past three months have surfaced again.

Last week, Ogilvy's stock took its biggest one-day price jump this year.

The price of a share of common stock shot up $3.75 on March 16, closing at $33.25, just 25¢ short of its one-year high.

More than 419,000 shares were traded, almost six times the average daily volume.

The stock closed March 17 at $33.25, unchanged, on still-heavy volume in a generally depressed trading day.

Ogilvy said it knew of no reason for the stock movement and at press time had no plans for any major announcements. But analysts have been concerned for months that Ogilvy's profit margins are too low.

The strongest takeover rumors continue to involve WPP Chief Executive Martin Sorrell, who couldn't be reached for comment. London-based WPP is said to be interested in adding a second major agency group to its J. Walter Thompson Co. unit as a way to satisfy an obsession to supplant Saatchi & Saatchi Co. as the largest British-owned agency group.

Some sources believe Mr. Sorrell has accumulated less than 5% of Ogilvy's stock. According to U.S. Securities & Exchange Commission rules, investors don't have to declare that small amount of stock in a company.

Such speculation fueled Ogilvy stock runups that began Jan. 9 and surfaced again on Feb. 24. Ogilvy's share price had hovered between $29 and $30 since that last spate of takeover talk died down.

One source said Mr. Sorrell had canceled several meetings here late last week, as well as a trip back to London, and may be closely monitoring Ogilvy stock movements.

Many potential suitors are believed to be waiting to see whether Philip Morris Cos.' Kraft General Foods Group moves the $50 million Maxwell House coffee account out of Ogilvy.

That account is up for review, and a decision is expected next month.

Ogilvy has already lost the Hallmark Cards and Schering-Plough Corp. accounts in the past year. Those two combined represented $60 million in billings.

Kenneth Roman, Ogilvy chairman-ceo, was "attending to client business" and unavailable for comment, said Toni Maloney, senior VP-director of public relations.

In a fit of pique, Ms. Maloney told the Dow Jones News Service she couldn't predict whether an announcement would be forthcoming, and her response—literally, "I'm not a fortuneteller"—was believed to have fueled Wall Street rumors when a variation of the comment moved on the wires.

Analysts attributed the Ogilvy stock runup to a "feeding frenzy" among arbitrageurs,

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Ayer rumors: Is there a sale in the works?

By GARY LEVIN

NEW YORK—N W Ayer is on the hot seat.

The oldest U.S. ad agency is the subject of takeover speculation as it faces lingering reports of client problems and a possible management gap left by the expected retirement of Chairman-CEO Louis Hagopian.

The street talk is that an investment banker, believed to be representing Ayer, has approached at least a half-dozen current and former agency executives about playing a management role in a major agency merger.

Some of these executives have worked at Ayer, and observers believe Ayer's status as one of a few remaining large, independent shops makes it the most probable client for this recruiting effort.

Asked whether he's involved in merger negotiations, Mr. Hagopian responded, "Not really," quickly adding, "Not at all. No one has even approached me lately" with an offer to buy the agency.

But the 63-year-old executive is believed to be seeking a buyout of his shares in the privately held shop as he prepares to start a gradual retirement. He's expected to turn over the ceo title to Ayer USA Chairman Jerry Siano at an April 25 board meeting (AA, March 13).

Sale of those shares might pave the way for an effective sale of the agency.

Mentioned most often as potential U.S. bidders are Leo Burnett Co., Chicago, which hasn't made a major acquisition in years, and D'Arcy

(Continued on Page 76)

Apple scare spurs ad and PR blitzes

By MARCY MAGIERA and JANET MEYERS

"A" is for Apple, Alar and Advertising. Also, Alarm.

Produce marketers and consumer groups, split on whether pesticide-treated fruits and vegetables are safe for consumption, are pouring millions of dollars into advertising to tell their sides of the story.

The Washington State Apple Commission last week rushed to create a multimedia campaign to control the crisis and reassure consumers that apples—even those treated with the growth regulator Alar—are safe to eat.

The apple commission will spend as much as $3 million, half its annual ad budget, on the campaign that goes into production this week from commission agency McCann-Erickson Worldwide, Seattle.

The group also will borrow $669,000 from local banks to fund a public relations campaign via Hill & Knowlton, Washington and Seattle.

The commission, with support from the International Apple Institute, has spent $1 million on PR and newspaper ads in the past two weeks to rebut warnings made in a recent report from the Natural Resources Defense Council, a non-profit group.

The apple growers' current print ads from McCann carry the headline "Why an apple a day is still healthy advice."

Upcoming ads will target cities where school districts have banned apples from cafeterias and vending machines.

Also responding to the Alar scare with ads are apple products marketers Tree Top and S. Martinelli & Co.

Tree Top last week broke newspaper ads in Seattle, San Francisco, Los Angeles and *USA Today* that showed its apple juice label with the headline: "At Tree Top, 100% pure means 100% safe." The ad will run in 60 markets this week. McCann also is Tree Top's agency.

Martinelli slapped 500,000 "Alar-free" labels on its bottles of apple juice and sparkling cider.

The Natural Resources Defense Council's Feb. 27 report, entitled

(Continued on Page 76)

Y&R maintains its lead

By R. CRAIG ENDICOTT

Young & Rubicam turned back a fast-charging Saatchi & Saatchi Advertising Worldwide to keep its crown as the largest U.S.-based ad agency, according to ADVERTISING AGE.

AA's 45th annual "Advertising Agency Income Report," to be published March 29, will show Y&R with $757.6 million in worldwide gross income on worldwide billings of $5.39 billion in 1988.

Saatchi & Saatchi Advertising, reporting $740.5 million in gross income on worldwide billings of $5.04 billion, narrowed Y&R's lead to only $17.1 million, down from a $50.2 million margin in 1987.

Y&R now has ranked No. 1 among U.S. agencies for eight consecutive years.

Among individual foreign agencies, Japan's Dentsu buried the rest of the players with $1.23 billion in gross income, up 39% from 1987. The 14.6% appreciation of the Japanese yen against the dollar accounted for $128 million of that increase. Apart from the dollar conversion, Dentsu had a 21% growth in yen.

Only the agency megagroups, Saatchi & Saatchi Co.—parent to Saatchi & Saatchi Advertising (formerly Saatchi & Saatchi Compton and DFS Dorland Worldwide) and Backer Spielvogel Bates Worldwide—and Interpublic Group of Cos. notched higher gross income than Dentsu—$1.99 billion and $1.26 billion, respectively.

Returns from international business influenced the major ranking shifts among the top 10 U.S.-based agencies.

McCann-Erickson Worldwide moved to No. 4 from No. 6 in 1987, aided by a 31% growth in gross income abroad.

The newly formed French-American alliance, Publicis-FCB, emerged as No. 5 in the U.S. Its international billings in 1988 were up 37.6% over combined international totals of the two agencies for the previous year.

Both Publicis-FCB and Saatchi are considered dual-headquartered and thus appear on both U.S. and foreign charts.

A complete ranking to be published next week covers 588 U.S.-based agencies and 964 agencies from 67 other countries.#

Y&R LEADS U.S. AGENCIES AGAIN

In 1988 worldwide gross income

Rank	Agency	Gross income 1988	Gross income 1987	Billings Rank	Billings 1988
1	Young & Rubicam	$758	$736	(1)	$5,390
2	Saatchi & Saatchi Advertising Worldwide	740	685	(2)	5,035
3	Backer Spielvogel Bates Worldwide	690	601	(3)	4,678
4	McCann-Erickson Worldwide	657	513	(4)	4,381
5	FCB-Publicis	653	NA	(5)	4,358
6	Ogilvy & Mather Worldwide	635	564	(6)	4,110
7	BBDO Worldwide	586	550	(7)	4,051
8	J. Walter Thompson Co.	559	488	(8)	3,858
9	Lintas:Worldwide	538	418	(9)	3,586
10	Grey Advertising	433	369	(12)	2,886

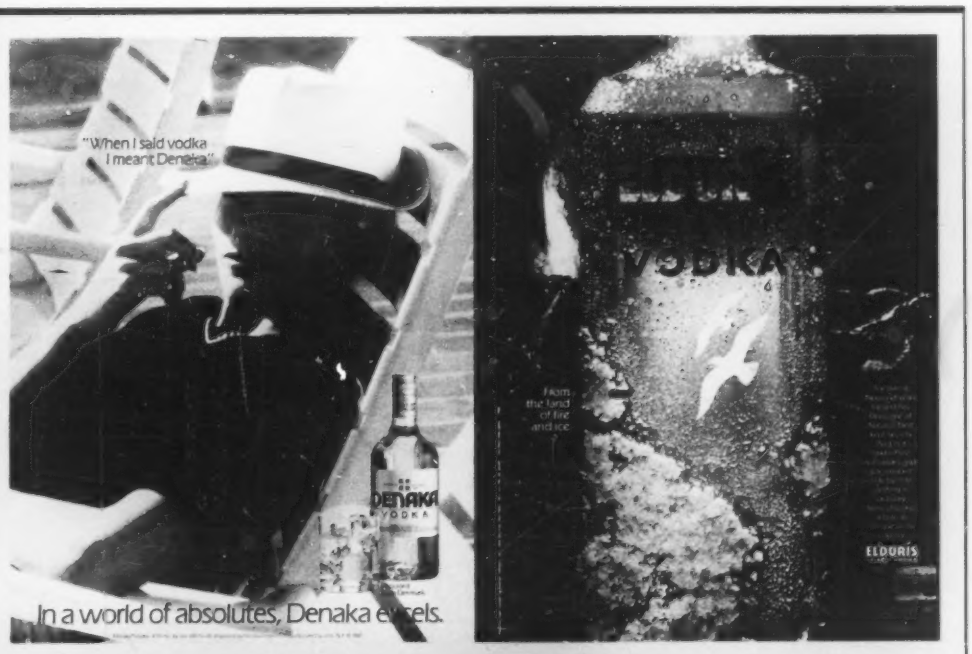
Notes: Dollars are in millions. U.S.-based agencies are ranked based on worldwide gross income and billings. D'Arcy Masius Benton & Bowles is ranked 10th by billings.

DENTSU TOPS FOREIGN AGENCIES

In 1988 worldwide gross income

Rank	Agency	Gross income 1988	Gross income 1987	Billings Rank	Billings 1988
1	Dentsu Inc.	$1,233	$885	(1)	$9,450
2	Saatchi & Saatchi Advertising Worldwide	740	685	(2)	5,035
3	Publicis-FCB*	653	NA	(3)	4,358
4	Hakuhodo International	522	383	(4)	3,939
5	WCRS Worldwide	290	240	(5)	1,675
6	Roux, Seguela, Cayzac & Goudard	210	116	(6)	1,527
7	Lowe Howard-Spink & Bell	197	149	(7)	1,316
8	Dai-Ichi Kikaku	142	109	(10)	978
9	Daiko Advertising	140	107	(8)	1,127
10	Tokyu	135	120	(9)	1,115

Notes: Dollars are in millions. Foreign-based agencies are ranked based on worldwide gross income and billings. *Known as FCB-Publicis in the U.S.



Denaka from Denmark, Icelandic Elduris and Soviet Cristall are three recent entries in the hot market for imported vodkas.

Vodka on the docks

Importers pour into U.S. market as sales boom

By PATRICIA WINTERS

Four major liquor marketers are diving into the booming imported vodka market, hoping to stir up trouble for Carillon Importers' legendary leader, Absolut.

The new entries most certainly will increase ad spending in the market and could bring about a promotional war for sought-after sponsorships and tie-ins with upscale bars and restaurants.

Unlike other package goods, liquor relies heavily on word-of-mouth prestige often established in trendy watering holes.

Jos. E. Seagram & Sons and Brown-Forman Corp., two of the nation's largest whiskey marketers, and Buckingham Wile Co. are rolling out premium imported vodkas, while the Soviet Union's Stolichnaya hopes to open a new segment with the U.S.' first "ultrapremium" vodka.

Their focus on imported vodka comes as the $450 million market defies all liquor industry trends with phenomenal sales growth.

Last year, imported vodka sales grew about 20% to about 3.5 million cases, as the total liquor market continued its decline, down 2.5% to 140 million cases.

The industry attributes the growth of imported vodka to the popularity of Carillon's Absolut. The

(Continued on Page 72)

San Francisco ad community gets smaller

By ALICE Z. CUNEO

SAN FRANCISCO—The offices of two major national agencies here are closing their doors, further consolidating the city's dwindling ad business into a handful of large shops.

After 24 years in the city, D'Arcy Masius Benton & Bowles is selling its local office to DDB Needham Worldwide. DDB Needham will move to D'Arcy's recently renovated—to the tune of $1 million—office space.

At the same time, Lowe Marschalk is winding down its operations. Negotiations were under way to fold the office into sister agency McCann-Erickson here, but talks appear to have stalled.

At most, only a handful of Lowe Marschalk's 30 employees would be moving to McCann. John MacDaniels, the Lowe Marschalk creative director, is considering opening his own agency.

Both D'Arcy and Lowe Marschalk recently sustained crippling account losses.

In February, D'Arcy, with 26 employees, lost half its billings when Sun Diamond Growers of California moved its $7 million Sun-Maid Growers raisin account to Grey Advertising, Los Angeles, and its $5 million Sunsweet prunes account to J. Walter Thompson USA here (AA, Feb. 20).

Lowe Marschalk lost the $8 million Dep Corp. account, more than a third of its billings, earlier this month to Chiat/Day, Venice, Calif.

While those two have sustained losses, DDB Needham's separate retail group, housed with the general agency, has grown to $100 million-

(Continued on Page 8)

Last Minute News

Trump narrows agency search

NEW YORK—Trump Shuttle has narrowed the agency search for its $10 million account to fewer than 12 agencies after being contacted by more than 50. Sources said those being considered include D'Arcy Masius Benton & Bowles; Doyle Graf Raj; Geer, DuBois; Levine, Huntley, Schmidt & Beaver; Messner Vetere Berger Carey Schmetterer; Lintas:Muir Cornelius Moore (a division of Eastern Airlines agency Lintas:New York); and Scali, McCabe, Sloves. Trump is expected to buy the Eastern Air Shuttle, now handled by Lintas.

Nissan U.K. taps Saatchi

LONDON—Nissan U.K. named Saatchi & Saatchi Advertising to handle its $13.6 million account. The agency becomes Nissan's fifth in two years after the recent firing of D'Arcy Masius Benton & Bowles.

New Stroh campaign near

DETROIT—Stroh Brewery's first campaign from Hal Riney & Partners, San Francisco, will use humor to introduce new packaging for the Stroh's and Stroh Light brands. "What's so odd about us changing our package? Other

(Continued on Page 8)

"World News Roundup" appears on Page 71.

'Aggressive marketer' to head RJR

AmEx exec picked

By JUDANN DAGNOLI and JUDITH GRAHAM

Louis Gerstner Jr., RJR Nabisco's new ceo, is a business builder.

"He will put the money where the strategic focus is, then he'll run with it," said one of his former colleagues at American Express Co.

The appointment of Mr. Gerstner, 47, formerly president of AmEx, indicates Kohlberg Kravis Roberts & Co. wants to keep the majority of RJR Nabisco's businesses—and keep them competitive—for the long haul.

Kohlberg Kravis, which acquired RJR Nabisco in a $25 billion leveraged buyout, intends to spin off about $6 billion in company assets this year, but it's believed that under Mr. Gerstner, what stays will be nurtured with increased advertising and marketing support.

Those who know him say he's marketing-driven and that he will do everything possible to avoid marketing cutbacks.

"He's a guy who believes in building brands. He's a very aggressive marketer," said Ogilvy Group Chairman-CEO Kenneth Roman, a friend of Mr. Gerstner and head of a key AmEx agency.

Mr. Gerstner's strongest skill is as a strategist. His determination of the long-term strategy for both R.J. Reynolds Tobacco Co. and Nabisco Brands, the company's two main units, will dictate which operations will be sold to help repay Kohlberg Kravis' acquisition debt.

Jerry Welsh, former AmEx exec VP-worldwide marketing and communications and now an independent consultant, said he expects Mr. Gerstner to shake up RJR Nabisco.

"My view is that Lou will come out of the blocks very fast with important marketing moves," Mr. Welsh said.

But where former CEO F. Ross Johnson seemed prone to lightning-quick and perhaps even capricious acts, such as abruptly moving company headquarters to Atlanta from Winston-Salem, N.C., Mr. Gerstner is less rash.

Even though he's been portrayed as an executive with a dynamic management style, he's known to constantly question conventional business methods.

Mr. Gerstner also promotes continual and sometimes jarring change with organizational shuffling.

But he tenaciously held to a long-term strategy at AmEx, and that permeated its every move, sources said.

Most analysts say the probable divestitures are Del Monte fruits and vegetables, snack unit Planters LifeSavers and Chun King frozen foods.

Photo by John S. Abbott/ONYX

Louis Gerstner Jr., RJR Nabisco's new ceo, held to long-term strategy at American Express.

"Every company that has ever gone private has cut marketing expenditures," said Wertheim Schroder analyst Robert Cummins. But another analyst said that if Mr. Gerstner sells Del Monte, Planters LifeSavers and Chun King, that alone would result in at least $60 million in reduced spending on advertising.

A published report said Kohlberg Kravis had already made up its mind to cut marketing at Nabisco Brands by 10%, or $33 million. But a Kohlberg Kravis spokesman last week said how the debt is repaid is entirely Mr. Gerstner's responsibility.

Analysts disagree about how he will proceed.

PaineWebber analyst Manny Goldman said Mr. Gerstner's first order of business "will be to drop interest expense as quickly as possible," most probably through budget cuts.

But Harry Freeman, exec VP at AmEx, believes Mr. Gerstner will exhaust other possibilities first.

"If he came to the conclusion that costs had to be cut, he's a tough guy and he can do it," Mr. Freeman said. "But he would not be likely to go in and say, 'It's obvious we'll do A, B and C.' He's more likely to say, 'Let's talk about this in depth, and let me think about it.'"

It was Mr. Gerstner who, after an exhausting analysis of AmEx's strategic direction, decided to put Fireman's Fund Insurance Co. on the block. His reasons for selling the insurance company included low market share, little potential for cross-marketing and its lower profitability than other units.

If he uses similar criteria at RJR Nabisco, it's possible that the company's cereal business could go after Del Monte and Chun King. Nabisco's cereals have low market share, even though the unit reportedly is very profitable.

Nabisco's cookie and cracker unit would likely stay under such an analysis.

Mr. Gerstner's focus on imagery at AmEx, where he exploited the name's upscale image, is an apparent fit with RJR Nabisco.

The company's tobacco unit circumvents brand parity with a focus on imagery in cigarette marketing and advertising. Nabisco hones in on the wholesomeness of its products with its signature red-corner logo and three-note musical tag in TV advertising.

Those who know Mr. Gerstner say that though he has an appreciation of marketing, he will likely delegate those duties.

"He's not going to do marketing plans for Oreos," said J. Brendan Ryan, exec VP-managing director at Ogilvy & Mather Worldwide, New York.

Mr. Gerstner is familiar with one RJR Nabisco ad agency, McCann-Erickson Worldwide, which handles crackers and also works for AmEx.

There's also speculation that main AmEx agency O&M could angle for some RJR Nabisco business.

Although O&M is now precluded from pitching RJR Nabisco because of its work for Philip Morris Cos.' Kraft General Foods Group, its main account is Maxwell House coffee, and that's under review.

One source said it's possible that if O&M loses Maxwell House, the agency could resign its largely unprofitable overseas General Foods accounts to take on RJR Nabisco.#

Gary Levin in New York contributed to this story.

WHO HELPED CHIQUITA POUR ON THE JUICE?

The same techniques that helped develop Chiquita's new Orange Banana Juice, created the Magic Mushroom for Airwick, Bacardi's Frozen Mixers, Glass Works for S.O.S, Sunkist Vitamin C Tablets, put Baking Soda in more than 30 million refrigerators...can spell success for you.

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New Products/Brand Leveraging Consultants

Merrill Lynch gets bullish on realism in latest effort

By JUDITH GRAHAM

Merrill Lynch & Co. is bucking the nostalgia tide in a new $20 million-plus corporate image campaign.

The effort, which broke on network TV last weekend, opts for realism rather than sentiment even though it keeps the 1988 theme line, "A tradition of trust." But that's where similarities with last year's creative approach end.

The previous campaign's early 1900s period-piece vignettes of Merrill Lynch's founder have been replaced with four contemporary 30-second spots from Bozell, Jacobs, Kenyon & Eckhardt, New York.

None of the spots use the Frank Capra-derived style of the 1988 campaign that helped spawn other nostalgia-inspired efforts (AA, Feb. 15, 1988).

Instead, the new commercials rely on contrast. In each, tranquil scenes of family life or people enjoying themselves are juxtaposed against a jarring sound track reporting the economic news of the day.

The essential message, said Charles Mangano, Merrill Lynch's VP-corporate staff director for advertising, is that "in this chaos of confusion and information, Merrill Lynch is a firm you can trust to deal with today's turbulent economic environment."

"People still have a lot of questions" in the aftermath of the Oct. 19, 1987, stock market nose dive, Mr. Mangano said. "Things just haven't cleared up the way we thought they would."

The new positioning has meant other changes. For instance, the nation's No. 1 broker this year has discontinued its "Straight talk" commercials, featuring company executives talking about important economic or investment issues, out of a belief that the widely copied format has worn thin.

Both AT&T Co. and Shearson Lehman Hutton copied the format, introduced by Merrill Lynch only two days after the stock market tumbled.

Now the company believes a stronger corporate approach is warranted.

"We're going back to solidifying our position vis-a-vis all our markets," Mr. Mangano said.

Part of the effort involves a more consistent look uniting the company's three advertising divisions—corporate, retail and capital markets.

The company's famous bull, its logo and the "Tradition of trust" theme line will be among the elements used in all ads.

Another new marketing thrust this year centers on Merrill Lynch's sponsorship of a new 5-minute news program on Cable News Network called "Focal Point." The program examines the top news story of the day and premieres today. Merrill Lynch will run a :30 during the show weekdays through yearend.

Print is also undergoing an overhaul. Last year's corporate campaign was packed with information about Merrill Lynch's views of the markets and investment opportunities. The new print ads breaking March 22 highlight the traditional values on which the company has based its positioning.

The first ad, running in *The Wall Street Journal*, *The New York Times* and *USA Today*, will focus on the themes of "integrity, intelligence, strength of resources, and a commitment to clients."

"The whole point of our long-range position is that people want to get back to traditional values, the things in life that are really important," Mr. Mangano said.#

CORRECTIONS & CLARIFICATIONS

- A baseball-themed promotion for A&W Brands' A&W root beer and cream sodas set to break March 13 is not linked to Major League Baseball, as reported (AA, Feb. 20, P. 40).
- The following are corrections to the "Special Report" on newspapers (AA, March 6): The chart showing the top 20 Sunday newspapers (P. S-12) should list No. 9 as the *San Francisco Examiner & Chronicle*, rather than only the *Chronicle*. Also on that top 20 chart, for the six months ending Sept. 30, 1988, Sunday circulation for the *Boston Globe* rose 0.7% from the year-earlier period. The chart erroneously reported a drop in circulation. In the chart describing the four largest non-national newspapers without Sunday editions (P. S-13), the circulation figures for *Bangor Maine Daily News* should have been 1986—78,476 (daily), 93,133 (weekend); 1987—79,271 (d), 95,375 (w); and 1988—80,337 (d), 97,271 (w), per Audit Bureau of Circulations audited figures reported by the newspaper.#

Brewers distill local efforts

By IRA TEINOWITZ

Regional marketing has become a key strategy in the brewing industry's battle for market shares rather than volume growth.

Actor Randy Quaid appears in a Miller Lite campaign airing only in Texas. Chicago Cubs announcer Harry Caray is the "Bud Man" in a Chicago version of a Budweiser campaign. Local scenes of Boston, Chicago, Dallas, Houston and Los Angeles are inserted in national commercials for Coors Light that run in those cities.

"Now that the battle for market share is more intense, some of the national companies are going not so much at their national competitors as at local brands," said Terri Finnegan, editorial director for *Modern Brewery Age*.

With growth in the total market slowing, brewers are aiming carefully for markets that offer the biggest potential, said Robert Weinberg, a beer marketing consultant at R.S. Weinberg & Associates, St. Louis.

Of the three U.S. brewers who have distributed nationally for the last five years—Anheuser-Busch, Miller Brewing Co., Stroh Brewery Co.—only A-B has held its budget for spot buys at about the same percentage of total ad expenditures. Miller and Stroh increased spot buys.

In 1983, A-B spent 24.3% of its ad budget on spot TV, 24.1% in 1987 and 23.8% in the first nine months of 1988, according to Leading National Advertisers and Broadcast Advertisers Reports. A-B budgets about $120 million for Budweiser advertising.

Miller made spot buys with 24.2% of its estimated $57 million budget last year, up from as little as 16.5% in 1984. Stroh spent 40.7% of its estimated $35 million 1988 ad budget on spot TV, a sharp jump from 23.9% in 1987 and a low of 19.5% in 1985.

Adolph Coors Co., which didn't distribute nationally in 1983, budgeted about $48 million nationally for Coors Light last year, earmarking about 46% for regional buys. Foote, Cone & Belding, Chicago, handles.

For years, brewers have used spot TV to support national efforts, sometimes targeting ad mixes to local needs. A-B, for instance, heavily advertises Busch beer in Southwest markets, Natural Light in others.

A pivotal exception was A-B's 1986 introduction of Spuds MacKenzie in California and then Texas. What started as a local campaign blossomed into a national phenomenon, sharply bolstering Bud Light's momentum. Because of the success of the Spuds cult—created by DDB Needham Worldwide, Chicago—brewers have been more willing to spend for regional campaigns.

California and Texas are especially hot territories, "big and significant," Mr. Weinberg said. In 1987, 21.4 million barrels of beer were sold in California, 14.8 million in Texas, 11.4% and 7.9% of the 187.2 million sold nationwide, he said.

The major players have boosted spot buys significantly in Dallas, Houston, Los Angeles and San Francisco.

Miller Lite's 18-month Texas campaign, running since May, features Mr. Quaid promising to throw a "big Texas party" with thousands of free beers. The party, slated for Sept. 2, will be held in conjunction with Special Olympics in Texas. Backer Spielvogel Bates, New York, handles.

A-B, meanwhile, is running localized versions of a TV and radio campaign themed "I'm a Bud man" in Chicago and New York as well as several California and Texas cities via D'Arcy, Masius, Benton & Bowles, St. Louis.#

BOOSTS IN BUDGET FOR SPOT TV

National marketers have revived regional efforts, especially in California and Texas.

	Budweiser		Coors Light		Miller Lite		Strohs	
	'83	'88	'83	'88	'83	'88	'83	'88
Los Angeles	$1,109	$3,543	$928	$2,922	$800	$1,684	$24	$291
San Francisco	65	636	396	841	371	702	0	34
Houston	66	1,214	393	185	497	1,407	298	1
Dallas	253	565	610	684	425	1,478	442	0.5

Figures in thousands of dollars. Source: BAR

National brewers, including Anheuser-Busch and Miller, have boosted regional efforts.

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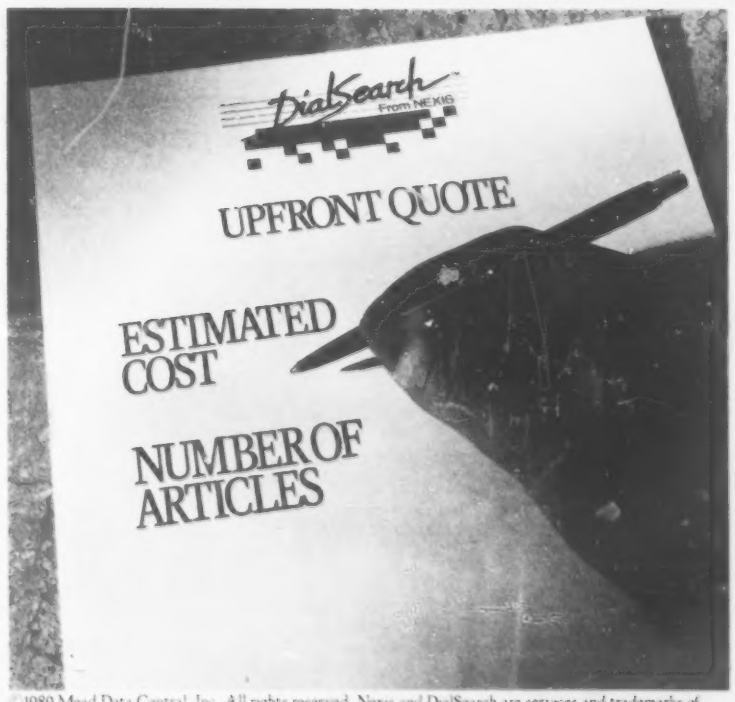

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February consumer magazine ad linage

	Current month		Year-to-date	
	1989	1988	1989	1988
■ Auto/cycle/rec. vehicles				
ATV Sports	23.6	27.3	46.1	55.8
AutoWeek (52X)	119.9	175.0	261.8	296.0
Car & Driver	82.4	109.8	198.0	212.8
Car Collector & Car Classics	19.0	17.6	37.0	37.0
Car Craft	57.1	65.2	110.2	115.7
Circle Track	115.1	102.8	170.7	150.4
Cycle	31.6	37.5	59.1	67.3
Cycle World	37.1	38.8	53.3	61.9
Dirt Rider	30.5	28.6	61.7	56.6
Dune Buggies & Hot VWs	66.3	66.1	135.7	133.9
Family Motor Coaching	150.2	158.0	346.2	354.5
4 Wheel & Off-Road	67.3	64.1	131.7	127.3
Four Wheeler	73.4	79.0	145.3	150.0
Hot Rod	62.9	63.0	142.2	156.8
Motorcyclist	37.0	37.1	58.0	52.8
Motor Trend	69.6	96.4	136.7	142.3
Motorhome	94.5	81.8	174.9	163.4
Rider	26.2	26.8	49.1	56.5
Road & Track	93.1	108.8	184.1	209.2
Trailblazer	47.0	46.3	91.0	82.5
Trailer Life	90.3	80.5	179.8	165.4
Total Group	**1,394.1**	**1,510.5**	**2,772.6**	**2,848.1**
% change	**-7.7%**		**-2.7%**	
■ Boating & yachting				
Boating	185.3	204.3	381.1	394.0
Chesapeake Bay	52.0	46.8	89.8	87.6
Cruising World	95.0	101.9	200.0	210.0
Lakeland Boating (11X)	98.5	86.2	188.5	163.2
Motor Boating & Sailing	194.7	199.3	382.7	415.4
Sail	120.0	94.8	238.6	192.3
Trailer Boats (11X)	83.4	84.0	172.1	151.3
Western Boatman (6X)	—	—	51.0	56.0
Yachting	131.2	132.7	326.0	351.6
Total Group	**960.2**	**950.0**	**2,029.8**	**2,021.5**
% change	**1.1%**		**0.4%**	
■ Civic/fraternal				
American Legion	60.4	40.6	101.8	83.2
Elk (10X)	20.0	25.0	37.3	42.8
Kiwanis	14.8	14.6	29.0	28.6
Lion (10X)	5.8	8.0	70.8	68.7
Rotarian	11.7	13.6	22.9	27.1
V.F.W. (11X)	35.5	30.4	69.8	63.2
Total Group	**148.2**	**132.2**	**331.6**	**313.6**
% change	**12.1%**		**5.7%**	
■ General				
American Health (10X)	—	—	70.3	69.5
American Heritage (8X)	48.6	36.3	48.6	36.3
American West (6X)	21.5	25.0	21.5	25.0
Art & Antiques	46.6	53.1	102.8	109.3
The Atlantic A	45.1	31.6	111.2	91.4
Bon Appetit A	71.4	69.6	137.3	136.1
Cable Guide	30.8	26.8	63.5	54.4
Changing Times	49.9	56.8	98.0	109.4
Children	—	—	38.1	20.9
Conde Nast's Traveler	67.1	46.3	120.4	80.2
Connoisseur	51.7	59.0	107.4	109.3
Consumers Digest (6X)	—	—	21.2	17.5
Ebony	126.1	129.5	200.7	199.8
European Travel & Life	—	—	34.7	28.4
Fifty Plus	43.1	30.5	72.9	63.5
Finance (10X)	—	—	33.4	54.0
Food & Wine	56.1	53.6	102.3	91.9
Games (6X)	—	—	12.5	9.5
Golden Years	40.5	48.7	54.5	86.1
Gourmet	92.6	97.0	150.1	166.4
Harper's Magazine A	41.9	30.9	74.8	58.5
Harrowsmith (6X)	—	—	62.0	62.8
Islands (6X)	—	—	56.5	27.8
Let's Live	58.0	49.0	103.0	97.0
Life	45.3	32.3	116.0	81.8
Modern Maturity (6X)	41.0	38.9	41.0	38.9
Money	87.9	103.5	175.4	207.7
Money Maker	2.7	8.0	2.7	8.0
Mother Earth News	—	—	72.4	63.0
National Geographic	28.6	40.7	39.5	50.0
National Geographic Traveler (4X)	—	—	15.2	—
Natural History	52.7	41.8	90.8	75.2
Prevention	63.3	68.8	117.5	118.9
Psychology Today	—	—	41.1	31.7
Reader's Digest A	91.4	107.1	158.0	175.2
Saturday Evening Post (9X)	—	—	43.9	39.0
Smithsonian	88.6	106.7	157.4	190.8
Town & Country	116.1	140.4	183.4	238.2
Travel-Holiday	48.7	40.3	73.2	69.0
Travel & Leisure	136.7	106.3	205.3	175.5
Travelhost	1,194.0	1,193.0	2,363.0	2,391.0
Vanity Fair	90.6	72.4	136.2	105.4
Writer's Digest	19.5	27.0	46.5	53.4
Yankee	65.4	99.8	125.8	169.2
Total Group	**3,063.5**	**3,070.7**	**6,102.0**	**6,086.8**
% change	**-0.2%**		**0.2%**	
■ Home				
Americana (6X)	—	—	21.6	16.7
Architectural Digest A	142.7	166.5	251.4	246.4
Better Homes & Gardens	109.4	103.8	182.8	179.1
Colonial Homes (6X)	—	—	52.4	42.7
Columbus Monthly-Homes (4X)	—	—	29.8	30.2
Cooking Light	—	—	49.3	36.7
Country Home (6X)	—	—	45.7	41.9
Country Living	96.8	82.0	161.9	138.2
Family Handyman (10X) A	35.6	41.2	71.9	90.2
Florida Home & Garden	93.5	53.3	202.3	99.3
Flower & Garden (6X)	—	—	55.8	41.7
Home	58.7	73.3	100.7	118.4
Home Mechanics	35.6	36.9	73.9	78.0
The Homeowner (10X)	—	—	41.1	43.6
Horticulture	45.4	43.7	87.5	92.5
House Beautiful	63.8	70.2	108.4	108.6
House & Garden	56.3	71.4	100.6	130.7
Metropolis	—	—	66.8	55.9
Metropolitan Home	110.2	85.4	166.9	135.7
Midwest Living	—	—	52.3	35.6
1,001 Home Ideas	52.1	50.8	103.2	97.2
Organic Gardening	47.6	74.7	102.1	132.9
Phoenix Home/Garden	81.7	93.7	148.0	164.5
Practical Homeowner	36.5	—	36.5	—
San Diego Home/Garden	72.3	72.7	130.0	124.5
Southern Accents (6X)	—	—	71.9	82.1
Southern Living	98.7	101.5	182.3	169.3
Sunset Magazine A	99.8	122.0	176.2	207.2
Workbench (6X)	—	—	39.7	48.4
Total Group	**1,336.5**	**1,343.0**	**2,912.7**	**2,788.1**
% change	**-0.5%**		**4.5%**	
■ In-flight & other passenger				
Aboard Group (6X)	—	—	35.3	28.0
Alaska Airlines	59.8	54.9	118.6	109.6
America West Airlines	67.5	59.2	136.5	120.7
American Way (24X)	121.5	124.2	241.3	251.6
East/West Network				
Continental Profiles	62.3	59.7	113.6	111.7
Eastern Review	69.8	52.5	125.8	113.7
Northwest	59.8	37.2	103.3	80.4
Pan Am Clipper	48.8	39.7	82.5	83.0
Southwest Spirit	69.8	70.3	124.5	130.0
TWA Ambassador	48.6	53.8	92.1	104.8
Vis A Vis	96.7	56.0	166.0	96.7
Halsey Publication				
Delta Sky	70.3	79.9	151.0	160.5
Pace Communications				
Braniff Magazine	19.5	—	45.6	—
US Air Magazine	57.3	68.7	93.0	125.2
Spirit of Aloha (6X)	—	—	25.2	20.8
Total Group	**851.6**	**756.0**	**1,654.4**	**1,536.7**
% change	**12.6%**		**7.7%**	
■ Men's				
Esquire A	81.3	73.9	153.3	121.2
Firehouse Magazine	26.6	28.8	66.3	66.8
Gentlemen's Quarterly A	128.2	127.8	210.2	212.1
M Magazine	75.0	83.5	110.0	127.0
Muscle & Fitness	—	—	—	—
Penthouse A	47.7	35.6	102.0	91.5
Playboy A	48.0	44.5	142.0	97.5
Salute (10X)	—	—	—	—
Total Group	**406.8**	**394.2**	**783.9**	**716.1**
% change	**3.2%**		**9.5%**	
■ Metropolitan				
Aloha	—	—	29.7	31.3
Atlanta	55.5	61.4	110.5	112.5
Baltimore	73.0	68.3	123.0	119.7
Boston	140.7	144.0	259.9	268.4
California	52.9	60.4	111.1	97.6
Chicago	75.7	89.8	194.2	195.7
Chicago's North Shore	78.4	79.1	168.7	172.4
Cincinnati	50.6	41.6	84.8	89.3
Cleveland	33.7	49.9	72.9	102.9
Coast (39X)	—	—	—	—
Columbus Monthly	38.9	43.3	97.6	113.2
Connecticut	96.0	99.1	174.1	174.1
D Magazine	69.1	86.3	124.1	156.9
Denver	28.8	34.5	51.2	62.7
Detroit Monthly	46.2	66.0	103.5	117.5
Grand Rapids	33.3	33.3	53.6	50.9
Gulfshore Life (10X)	—	—	—	—
Honolulu	54.7	57.2	104.0	112.6
Houston Metropolitan Mag	41.9	71.6	82.2	111.8
Inside Chicago	—	—	38.5	30.7
Louisiana Life	—	—	28.8	24.2
Madison	48.0	44.0	86.0	88.0
Memphis	66.0	71.0	133.2	145.0
Mid Atlantic Country	33.9	18.5	60.1	35.7
Milwaukee	33.3	46.3	74.7	93.8
Minneapolis/St. Paul	111.7	79.6	179.6	147.5
Minnesota Monthly Mag	37.2	34.6	87.2	66.1
Nashville	52.0	37.0	104.0	81.0
New England Monthly	41.3	35.5	95.4	82.0
New Jersey Monthly	66.5	84.7	143.7	154.7
New Mexico	22.4	18.5	117.9	110.8
Ohio	35.3	37.8	88.4	92.9
Orlando	83.9	82.2	170.9	174.3
Palm Beach Life	115.3	104.1	212.7	189.8
Palm Springs Life	184.3	133.9	362.7	288.9
Philadelphia	119.1	113.2	242.2	235.8
Phoenix	68.5	48.9	139.7	98.4
Pittsburgh	54.2	68.8	97.0	118.1
Rhode Island Monthly	44.2	—	87.9	—
Sacramento Magazine	47.0	50.0	95.6	94.0
St. Louis	37.8	53.1	83.5	102.1
San Diego	114.8	117.3	220.4	294.2
San Francisco Focus	101.5	87.0	170.4	141.7
South Florida Magazine	100.2	78.2	229.9	167.2
Texas Monthly	64.6	102.0	139.9	155.1
Ultra	42.5	28.3	95.0	51.7
The Virginian (6X)	—	—	58.7	60.5
Washington (7X)	—	—	48.0	47.4
The Washingtonian	172.0	149.4	329.5	263.0
Total Group	**2,866.7**	**2,809.7**	**5,976.3**	**5,734.1**
% change	**2.0%**		**4.2%**	
■ Music/entertainment				
Audio	86.0	85.5	196.1	195.4
Dance Magazine	59.3	59.6	118.5	115.4
Playbill	52.9	48.8	93.5	84.2
Video Magazine	—	—	—	—
Total Group	**198.3**	**193.9**	**408.1**	**394.9**
% change	**2.3%**		**3.3%**	
■ Outdoor & sport				
Alaska	47.8	46.6	79.6	78.7
The American Handgunner (6X)	—	—	54.0	49.0
American Hunter	21.1	19.5	35.9	37.1
American Rifleman	20.1	20.0	40.7	44.7
Backpacker (6X)	25.6	31.9	25.6	31.9
Bass Master (10X) A	104.6	111.0	171.6	193.9
Bicycling (9X)	—	—	99.0	85.6
Cross Country Skier	[illegible]	33.8	70.5	77.2
Ducks Unlimited (6X)	—	—	29.6	23.6
Field & Stream	75.0	93.1	125.3	150.6
Fins & Feathers A	—	—	32.2	30.1
Fishing World (6X)	—	—	40.3	43.0
Florida Sportsman	180.7	100.1	306.6	333.8
Golf Digest	149.1	129.1	261.0	216.1
Golf Illustrated	—	—	38.3	23.2
Golf Magazine	153.6	144.9	317.9	295.2
Gun Dog (6X)	—	—	40.0	26.2
Guns	34.0	35.0	68.0	68.0
Guns & Ammo	47.8	63.4	85.1	102.5
In-Fisherman (6X)	98.0	166.0	98.0	166.0
Outdoor Life	80.3	98.5	149.2	154.1
Outside Magazine	—	—	—	—
Petersen's Hunting	42.2	67.0	79.9	103.4
Runner's World (12X)	21.4	33.7	50.8	69.5
Salt Water Sportsman	127.3	120.0	321.8	320.3
Shooting Times	32.9	31.2	59.9	63.5
Sierra (6X)	—	—	53.4	34.5
Ski (8X) A	80.9	102.8	214.0	207.3
Skiing (7X) A	58.6	68.8	142.1	181.8
Skin Diver	116.4	113.5	219.1	204.6
Southern Outdoors (9X)	77.2	96.5	113.9	141.1
Southern Saltwater (8X)	60.6	41.4	118.9	80.8
Sport Magazine	40.2	33.2	63.5	67.9
Sports Afield	73.9	102.6	120.3	146.4
Tennis	53.9	50.3	88.3	96.3
T.V. Sports	11.0	—	30.0	—
Waterski (8X)	—	—	—	—
Western Outdoors (10X)	55.1	64.7	86.2	102.3
Wildfowl (6X)	15.8	14.3	15.8	14.3
WindRider (8X)	—	—	—	—
Wing & Shot (6X)	—	—	16.8	15.5
World Tennis	42.1	44.6	62.5	64.6
Total Group	**1,970.6**	**2,177.4**	**4,025.7**	**4,144.7**
% change	**-9.5%**		**-2.9%**	
■ Photography				
American Photographer	23.7	24.6	60.2	62.6
Petersen's Photographic	23.3	19.7	50.2	43.4
Popular Photography	75.0	73.0	160.3	154.1
Total Group	**122.0**	**117.3**	**270.7**	**260.1**
% change	**3.9%**		**4.1%**	
■ Science/electronic/mech				
Discover	43.7	38.4	80.9	77.5
Home Office Computing	43.8	42.7	93.1	89.1
Omni	68.6	51.0	123.8	104.9
Personal Computing	165.7	265.6	361.4	486.3
Popular Mechanics	77.3	74.9	126.9	133.8
Popular Science	60.4	79.5	117.0	139.3
Scientific American	27.4	56.1	61.3	74.4
Spectrum	—	—	—	—
Total Group	**486.9**	**608.0**	**964.3**	**1,105.3**
% change	**-19.9%**		**-12.8%**	
■ Woman/fashion/service				
Beauty Digest (6X)	15.2	20.3	15.2	20.3
Bride's Magazine (6X) A	741.4	703.6	741.4	703.6
Cosmopolitan A	184.0	185.7	313.3	327.7
Elle Magazine	122.2	141.6	186.7	209.3
Essence	82.2	77.8	152.5	135.9
Family Circle (17X) A	195.2	189.8	291.2	245.9
Glamour	133.1	154.7	212.1	246.5
Good Housekeeping A	117.8	142.6	212.4	209.1
Harper's Bazaar	108.5	111.2	149.6	172.9
Health	30.6	39.4	64.9	66.5
Imagen	78.0	37.0	120.0	96.0
Ladies' Home Journal	128.3	114.6	213.4	189.1
Mademoiselle	127.1	111.4	183.7	173.4
McCall's	91.1	86.9	166.1	142.0
Military Lifestyle (10X)	47.2	50.3	94.9	83.9
Modern Bride (6X)	627.4	555.7	627.4	555.7
Ms.	—	29.8	61.0	66.5
New Woman	80.9	84.9	143.4	141.3
Parents Magazine A	109.8	99.1	182.9	179.7
Redbook	82.4	88.9	161.3	161.8
Savvy	48.2	44.9	91.5	84.5
Self	92.3	102.3	164.7	153.9
Seventeen	66.8	67.7	115.2	111.4
Shape	62.0	57.0	126.6	117.2
Soap Opera Digest (26X)	36.0	20.1	67.2	44.3
Soap Opera Update	10.6	20.6	20.6	20.0
Teen Magazine	30.6	34.9	52.8	67.0
True Story A	59.5	52.8	95.5	92.2
Vogue	254.6	293.3	353.2	396.9
W Magazine	163.4	156.7	251.0	239.8
Weight Watchers	35.0	44.2	67.2	73.2
Woman (10X)	—	—	—	—
Woman's Day (15X) A	110.3	90.3	204.6	176.1
Workbasket	25.9	32.9	51.4	58.4
Working Mother	65.6	81.4	110.4	135.7
Working Woman	80.2	92.3	153.8	159.4
Total Group	**4,243.1**	**4,215.9**	**6,219.0**	**6,057.0**
% change	**0.6%**		**2.7%**	
■ Youth				
Boys' Life	21.0	16.8	43.1	31.9
Campus Life (10X)	35.7	37.3	87.9	88.1
Total Group	**56.7**	**54.1**	**130.9**	**120.0**
% change	**4.7%**		**9.1%**	
■ Business/national				
Barron's	127.0	201.4	264.1	353.6
Black Enterprise	145.9	135.5	181.9	172.4
Business Month	22.7	19.6	53.5	42.3
Business Week (52X) A	295.8	292.8	532.5	496.9
Financial World (26X)	58.8	52.0	95.7	91.4
Forbes (26X)	172.3	174.8	397.8	381.8
Fortune (26X)	142.9	210.5	418.7	375.2
Frequent Flyer	42.0	54.2	72.4	103.2
Futures	—	—	—	—
Inc. Magazine	56.0	69.8	135.1	123.8
Income Opportunities	100.4	115.0	100.4	115.0
Industry Week (25X) A	79.6	68.7	140.7	121.8
Nation's Business (12X) A	33.2	32.7	73.1	67.7
Venture	40.5	42.7	83.2	101.5
Total Group	**1,307.2**	**1,469.7**	**2,549.1**	**2,546.7**
% change	**-11.1%**		**0.1%**	
■ Business/regional				
Advantage-Nashville's Bus. Mo.	60.0	51.0	112.0	114.0
Arizona Bus. Gazette (52X)	40.5	55.0	81.5	108.0
Baltimore Bus. Jrnl.	66.8	91.3	130.2	138.2
Boston Bus. Jrnl. (52X)	97.8	107.7	217.4	207.8
Bus. First of Buffalo	104.0	65.5	161.1	102.8
Bus. Jrnl.-Milwaukee	143.0	149.5	284.3	292.6
Bus. Jrnl.-Sacramento	72.9	101.0	141.8	160.3
Bus. North Carolina	42.0	31.3	60.3	64.7
Capital Dist. Bus. Review (52X)	69.8	72.5	137.9	114.5
Caribbean Business	76.9	92.5	141.5	166.1
Corporate Rpt. Minnesota	54.3	64.0	115.0	134.0
Crain's Chicago Bus. (52X)	133.5	159.0	227.3	254.0
Crain's Cleveland Bus. (52X)	58.3	65.0	127.3	109.5
Crain's Detroit Bus. (52X)	73.3	84.7	139.3	140.9
Crain's New York Bus. (52X)	47.0	44.0	85.0	80.0
Florida Trend (13X)	42.4	51.7	99.1	106.3
Georgia Trend	38.7	38.8	87.0	102.6
Grand Rapids Bus. Jrnl.	45.6	59.8	94.2	102.0
Hawaii Business	42.1	36.8	79.9	67.7
Houston Bus. Jrnl. (52X)	64.0	61.0	121.0	107.0
Indianapolis Bus. Jrnl. (52X)	145.3	146.3	278.5	255.6
Manhattan Inc.	41.2	57.4	69.1	88.3
New England Bus. (20X) A	72.3	68.3	103.5	90.2
New Orleans City Bus.	44.9	68.2	89.9	103.6
Pacific Bus. News (52X)	101.5	124.5	198.9	196.6
Pittsburgh Bus. Times (52X)	73.6	85.0	139.8	144.5
Providence Bus. News	72.6	80.9	142.6	134.0
Regardie's/Washington Review Publication:	175.0	165.0	339.0	271.0
Broward Review	77.6	29.7	144.0	63.8
Miami Review	56.2	41.2	122.6	89.7
Palm Beach Review	55.0	26.0	109.5	52.3
San Jose Bus. Jrnl.	60.5	73.1	134.6	116.5
St. Louis Bus. Jrnl. (52X)	100.1	120.7	218.5	198.8
Warfield Monthly Baltimore	64.3	68.7	107.0	114.2
Total Group	**2,512.9**	**2,637.0**	**4,840.5**	**4,591.9**
% change	**-4.7%**		**5.4%**	
■ National Sunday mags				
Parade (52X)	44.1	50.9	102.1	110.6
USA Weekend (52X)	40.1	49.5	95.2	97.5
Vista Magazine	21.8	15.6	38.3	27.4
Total Group	**106.0**	**116.0**	**235.5**	**235.5**
% change	**-8.7%**		**0.0%**	
■ Newspaper Sunday magazine				
Boston Globe	198.0	195.0	381.0	403.0
Chicago Tribune	90.5	80.2	155.4	150.4
Cleveland Plain Dealer	50.3	57.4	81.1	95.1
Columbus Dispatch	19.4	22.1	43.4	46.0
The Dallas Morning News	73.6	56.7	115.0	130.0
Detroit Free Press	29.8	40.8	63.3	73.1
L.A. Times	50.8	61.8	163.4	112.6
Louisville Courier-Jrnl	22.0	28.0	57.0	64.0
New York Times Mag	293.3	323.9	494.8	502.3
Philadelphia Inquirer	—	—	—	—
Seattle Times	60.0	52.0	114.0	94.0
St. Louis Post Dispatch	69.1	81.7	135.4	144.6
Toledo Blade Magazine	33.3	31.3	57.9	57.8
Washington Post	90.2	79.7	212.1	158.2
Total Group	**1,080.3**	**1,110.6**	**2,073.8**	**2,031.1**
% change	**-2.7%**		**2.1%**	
■ Weeklies/bi-weeklies				
The Advocate (26X)	138.9	134.3	349.2	291.7
Army Times Military Group:				
Air Force Times (52X)	152.6	175.9	297.9	308.4
Army Times (52X)	144.8	167.0	281.2	291.2
Navy Times (52X)	164.6	193.4	323.2	341.1
Capper's (26X)	43.7	29.3	94.2	53.6
Commonweal (22X)	2.6	5.5	13.4	15.4
Golf World (40X)	94.3	115.3	221.7	236.2
Grit (52X) A	35.5	32.6	80.1	70.7
National Journal (50X)	42.0	52.0	85.4	96.7
National Review (25X)	25.6	38.7	44.3	66.1
New Republic (48X)	42.0	47.6	83.2	80.0
New York Magazine (50X)	188.5	178.5	308.7	298.4
New Yorker	135.8	185.9	288.5	318.3
Newsweek (52X) A	199.8	237.9	357.6	373.5
People (51X)	262.5	305.1	471.7	456.2
Rolling Stone (25X)	130.9	125.3	212.3	193.5
Sporting News (52X)	34.2	39.4	87.3	92.2
Sports Illustrated (52X) A	272.5	299.7	464.0	548.7
Time (52X) A	201.4	227.5	389.0	367.7
TV Guide (52X) A	353.6	382.7	660.7	728.0
US Magazine (26X)	53.5	55.2	84.5	81.3
U.S. News & World Report (50X) A	151.8	178.9	271.7	273.4
Total Group	**2,871.0**	**3,207.8**	**5,469.7**	**5,582.2**
% change	**-10.5%**		**-2.0%**	

NOTES: (X) represents the number of times published each year; publications are monthly unless otherwise specified. A. Sectional linage included but prorated to circulation of regional editions. B. Sectional linage included but not prorated to circulation of regional editions. C. Combined unduplicated regional ads. All figures represented in this table are supplied by the magazines. AD AGE makes no attempt to verify them and therefore is not responsible for inconsistencies or errors.

FOCUS ON MEDIA MERGERS

Media head for 'big bang'

(Continued from Page 1)

dependent company," Mr. Smith said. "But we watch what others are doing. The trend toward integration is interesting to follow."

While many people believe the acquisitive nature of media empire-builders such as Mr. Murdoch and British media baron Robert Maxwell has driven the wave of mergers, they also question the troubles that bigness brings.

Size problems

Such troubles are similar to those experienced when ad agencies consolidated in the mid-1980s in the midst of Saatchi & Saatchi Co.'s massive empire-building period.

In fact, Mr. Murdoch has been compared with the Saatchi brothers in his ability to change the ground rules and send both the agency and media businesses scrambling for mergers out of fear.

Even the rationale for media mergers is similar in many ways to previous agency mergers. Omnicom, which, like the Time-Warner deal, involved the principals exchanging shares, was justified as a response to the pressure to grow quickly.

What was overestimated, however, and what may be similarly trapping the media's urge to merge, is the "synergy" rationale.

For example, even Omnicom's executives admit that some of the synergies promised in the 1986 three-way merger of BBDO International, Doyle Dane Bernbach and Needham Harper Worldwide have yet to be realized.

The business problem for many merged ad agencies, and what could be the case for mergers such as Time Warner, "is that synergies that exist well on paper and philosophically are a lot harder to do when you get to the ego and turf problems involved," said Allen Rosenshine, chairman-ceo of Omnicom's BBDO Worldwide and one of the key engineers of the 1986 deal.

"We have not achieved all the synergies or all of our philosophic hopes," he said. "But, in putting DDB and Needham together, we clearly have a better worldwide agency than they would on their own. We have achieved the dual-network configuration we wanted, while a lot of the other synergies [discussed] may not be achievable. But in the macro sense, we have had a successful phase one."

The synergies media companies envision in cross-continent mergers may be harder still to achieve.

Alan Gottesman, who follows agency and media stocks for Paine-Webber, said, "I don't believe in synergies. The only time synergies work is in a crossword puzzle." He said putting two companies together rarely adds anything beyond mass.

Still, Mr. Gottesman said he expects media companies to continue merging. "People are going to try it until it doesn't work anymore," he said.

Looking to 1992

Other rationales behind the media mergers—such as positioning for a 1992 European boom—look slim. Evidence is growing—even at Time Inc.—that the expected boom, at least in print, may be delayed.

European governments plan to harmonize their regulations by 1992, enabling companies to better treat the region as one huge market.

Before the merger, but more so now, Time Inc. has focused on a number of expansion opportunities in Europe, in part preparing for the increased economic activity that will accompany the breakdown of trade barriers in 1992. But Time Inc. is already learning that "media globalization" won't come easily or quickly.

For example, since the Time-Warner pact was announced, Time Inc. executives have spoken bullishly about the new company's media prospects in Europe. With the help of Hachette, Time Inc. will launch *Fortune* in Spanish in September to match its existing French- and Italian-language versions, and is negotiating for the launch of German-language *Fortune* in 1990.

"Match" disappoints

But Time Inc. said its ambitious plan for a pan-European, upscale monthly personality magazine, called *Match*, are being scaled back by its European partner, Daniel Filipacchi, chairman of Hachette-Filipacchi Group, who said he's shelved plans for *Match*.

A December test version of *Match* in five languages met with an uneven response from readers, he said last week.

"It was well-received in France, Spain and Italy. Not so well in West Germany and not at all in England," Mr. Filipacchi said. "We believe that it will work someday. Everyone talks about one Europe, but it's not here yet."

Also last week, the U.K.'s Mr. Maxwell said he'd launch his already delayed pan-European, English-language newspaper, *The European*, as a weekly this fall, instead of as a daily with a May launch.

Time Inc. is marching on, though, and besides the local-language *Fortune* editions, it will test special local-language editions of *Life*. The *Life* logo had been used on the *Match* test cover.

But Time Inc.'s efforts to expand *Fortune* in Europe have been troubled. So far, only the French edition is up and running.

In West Germany, negotiations broke down more than a year ago with Bertelsmann-owned Gruner & Jahr because the company wanted more control over the magazine than Time Inc. was willing to allow, German publishing sources say.

Time Inc. recently approached a West German newspaper, magazine and TV company about jointly publishing a German-language *Fortune*, and negotiations are continuing.

In Spain, Time Inc. decided to call its magazine *Fortuna* until the company discovered the government tobacco monopoly Tabacalera had registered the name Fortuna, Spain's leading cigarette brand, in all categories.

Also, prospective partner Hachette—Time's partner in the French *Fortune*—already owned a rival business magazine called *Futuro* in Spain.

To make way for Time Inc. and *Fortune*, Hachette sold *Futuro* this month to Italian publisher Rizzoli. *Futuro* promptly decided to preempt its future rival and position itself as a *Fortune*-like magazine.

Futuro's aggressive new ad campaign, developed in-house, uses the slogan "In Italy, it's called *Capital*. . . . In the U.S., it's *Fortune*. . . . In Spain, it's *Futuro*."

Even *Sports Illustrated* has had problems in Europe.

"For some of the things we talked about doing, it was going to require us to do too much creative new material," said *Sports Illustrated* Publisher Donald Barr.

However, he added, "I would hope that [the Time-Warner merger] will assist us in expanding" the magazine in Europe.

"We learned the pan-European idea is hard to manage and 1992 has become a little too magical in people's minds," said Christopher Meigher, exec VP-group publisher at Time Inc. Magazine Co. "We are still in the pan-European race, but maybe the year people should be talking about is 2000."

Programming edge

Where Europe may help the Time-Warner deal is in programming.

"The biggest opportunity [for Time Warner] is to exploit the broadcast revolution," said Don Sperring, Young & Rubicam's media director for the U.K. and Europe.

"One of the key things that will make the new channels successful or not is the quality of the product. The supply of programming is the area to exploit; that's what puts Warner in a strong position here."

As many as 100 new channels are being planned for Europe, with Astra—the new satellite on which Mr. Murdoch began broadcasting Sky Television in February—probably the largest.

U.S. TV companies are interested in owning channels as well as supplying programming for them.

"The real opportunity is if Time Warner gets involved in making TV programs for Europe, combining HBO and Warner's expertise," said Judy Thomas, international media director at D'Arcy Masius Benton & Bowles, London. "The field is limitless. The demand for serials and dramas is limitless."

Rules uncertain

However, no one knows yet exactly what the rules will be governing foreign broadcasters as media owners or program suppliers.

The latest negotiations among European Community countries indicate broadcasters will be required to air a majority of European-produced programming "wherever possible" *(see related item on Page 8)*.

Sources said the solution for U.S. companies that want to get into European broadcasting is to take minority stakes with majority European partners for channel ownership and to get involved in co-production in order to compete in the European Community segment of program quotas.

"It will be a major problem for Time Warner how to link through with European broadcasters and production companies on genuine co-production deals," Ms. Thomas said.

For example, "there's nothing to stop new legislation from completely banning Time Warner from any involvement in U.K. television," she said. "They can't stop [Europeans], but they can stop Time Warner."

Maybe the expectations for the globalization of media should also be reassessed.

Mr. Veronis, for one, said he doubts the often-heard scenario that the world will become dominated and controlled by five or six global media giants in the not-too-distant future.

"There won't just be five or six companies dominating the world," he said. "All media companies are driven by the creative process. It's not the province of bigness or smallness; it's the province of creativity." #

Contributing to this story: Gary Levin and Wayne Walley in New York, Tony Thompson in Toronto, Laurel Wentz in London and Jennifer Lawrence in Houston.

WHAT THE MEDIA GIANTS OWN

	Magazines	Newspapers	TV/Radio	Books	Music	Film
1. Time Warner U.S. annual sales: $8.7	Fortune, Life, People,Time, Sports Illustrated		Home Box Office, Warner Amex Cable	Time-Life, Little Brown Warner Books	Warner Records, Electra, Asylum, Atlantic, Repriso	Warner Bros.
2. Bertelsmann West Germany annual sales: $6.6	Gruner & Jahr–Stern, Prima, Best, Parents (US), Young Miss (US)	Hamburger Morganpost	RTL-Plus	Bantam, Doubleday, Dell, Book Club Associates	RCA, Ariola, Arista	
3. Fininvest* Italy annual sales: $6.4	TV Sorisi e Canzoni, Tutlomusica e Spettacolo	Il Giornale	Rete 4, Italia 1, Canale 5, Telemilano (all Italy), La cinq (France), Tele5 KMP (Germ.)			
4. Capital Cities/ABC U.S. annual sales: $4.8	Fairchild Publications, ABC Publishing, Institutional Investor, 2 philatelic magazines	The Kansas City Times, Kansas City Star, Fort Worth Star-Telegram, The Oakland Press, 4 other dailies, 30 weeklies, 18 shopping guides	ABC -TV and radio networks, 8 other TV stations and 21 radio stations, 80% of ESPN; 38% of A&E; 33% of Lifetime			
5. Thomson Canada annual sales: $4.7	Thomson Publications, Thomson Australian Holding Pty., International Thomson Business Press, International Thomson Publishing	Globe & Mail, Winnipeg Free Press, The Scotsman, Belfast Telegraph		Thomson Nelson International, Callaghan & Co., Hamish Hamilton, Michael Joseph, Wadsworth		
6. News Corp. Australia annual sales: $4.4	New Woman, Sky, TV Guide, Times Supplements (UK), Triangle (TV Guide, Seventeen), Star, New York, New Ideas, TV Week	The Times, The Sunday Times, The Sun, News of the World, Today, South China Morning Post, plus papers in US/ Australia	Sky TV, Fox Broadcasting, major- market TV stations (US)	Times Books, Collins, Harper & Row		20th Century Fox
7. Hachette Filipacchi Comm. France annual sales: $4.1	Elle, Paris Match, Tele 7 Jours, Diamandis Communications: Woman's Day, Car & Driver, Road & Track, American Photographer	Journal du Dimanche	Europe No. 1, Channel 80			
8. Maxwell Comm. Corp. U.K. annual sales: $1.4	Pergamon Journals	Daily Mirror The People, Sunday Mirror	TF-1, Premiere Movie Channel, Mirrorvision, Rediffusion Cable Networks, MTV: Music Television, Screensport, Lifestyle, Children's Channel	Macmillan (US)		

Source: D'Arcy Masius Benton & Bowles, London Annual sales in billions of dollars. *Estimated figure.